



- LUMBERMENS MUTUAL CASUALTY COMPANY (LMC)
- AMERICAN MOTORISTS INSURANCE COMPANY (AMICO)
- AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY (AMM)
- AMERICAN PROTECTION INSURANCE COMPANY (AMPICO)

The company providing the insurance afforded by this policy is that indicated above.

COMMERCIAL CATASTROPHE LIABILITY COVERAGE PART DECLARATIONS

1. **NAMED INSURED:** POLICY NUMBER: 7RS 668 450-02

KEITH B. HIGGINS & ASSOCIATES, INC.
DBA: HIGGINS ASSOCIATES

2. **THE NAMED INSURED IS:** CORPORATION

3. **POLICY PERIOD:** FROM 11/20/02 TO 11/20/03
12:01 A.M. Standard Time at your mailing address.

PRIOR POLICY NO. 7RS 668 450-01

4. **LIMITS OF INSURANCE:**

EACH OCCURRENCE	\$ 1,000,000
GENERAL AGGREGATE	\$ 1,000,000
PRODUCTS-COMPLETED OPERATIONS AGGREGATE	\$ 1,000,000
RETAINED LIMIT	\$ 0

5. **FORMS AND ENDORSEMENTS APPLICABLE TO THIS COVERAGE PART:**

CC7202 (ED. 08-94)	COMMERCIAL CATASTROPHE LIABILITY COVERAGE FORM SCHEDULE
CC7000 (ED. 08-94)	COMMERCIAL CATASTROPHE LIABILITY COVERAGE FORM
CC7545 (ED. 08-94)	EXCLUSION - EMPLOYERS LIABILITY
CC7618 (ED. 12-96)	CHANGES TO PERSONAL AND ADVERTISING INJURY LIABILITY - COVERAGE B
CC7636 (ED. 02-01)	AUTOMOBILE LIABILITY FOLLOWING FORM

6. **TOTAL COVERAGE PART PREMIUM:** \$ 431.00

COMMERCIAL CATASTROPHE LIABILITY COVERAGE FORM SCHEDULE**POLICY NUMBER 7RS668450-02****SCHEDULE OF UNDERLYING INSURANCE****TYPE OF POLICY** **APPLICABLE LIMITS****BUSINESS OWNERS SPECIAL POLICY:**

Business Liability Limit	\$ 1,000,000 any one occurrence
Medical Expense Limit:	\$ 10,000 per person
Products-Completed Operations Aggregate	\$ 2,000,000
Aggregate Limit (Other Than Products-Completed Operations Aggregate)	\$ 2,000,000
Fire Legal Liability Limit	\$ 500,000 any one fire or explosion

Insurer: AMERICAN MOTORISTS INSURANCE COMPANY

Policy Number: 7RS668450-02

Policy Term: From 11/20/02 To 11/20/03

COMMERCIAL AUTOMOBILE LIABILITY INSURANCE:

Combined Single Limit: \$ 1,000,000 each accident

Non-Owned Auto included

Hired Auto included

Insurer: FINANCIAL INDEMNITY

Policy Number: C7549128

Policy Term: From 11/02/01 To 11/02/02

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LOSS CONTROL SERVICES POLICYHOLDER NOTICE

Dear Policyholder,

We share your safety and health concerns. We realize accidents, injuries and property damage suffered by your employees and company are costly. When such costs increase, expenses increase for both our companies in the form of higher operating costs. These costs are also reflected in your insurance premiums.

Improved Safety And Health Practices Benefit All

When accidents, injuries and incidents of property damage are prevented your employees, your company, and your insurance carrier all benefit. That's why Kemper offers a number of risk management services to help you in your loss control efforts. We offer our insureds:

- a) Risk Management guidelines
- b) Consultation on specific loss control related problems
- c) Analysis of loss experience
- d) Training programs in safety management techniques
- e) Industrial hygiene and occupational health services
- f) Recommendations for control of hazards and unsafe activities

In California, services required to address workplace hazards and exposures in accordance with workers compensation coverages are offered at no additional cost. We offer our insureds:

Workers compensation insurance policyholders may register comments about the insurer's loss control consultation services by writing to:

State of California
Department of Industrial Relations
Division of Occupational Safety and Health
P.O. Box 420603
San Francisco, CA 94142

Designed To Help Our Policyholders

Kemper offers policyholders several loss control publications at no charge. *NATLSCOPE* is our quarterly loss control newsletter. It provides information on pertinent topics that can be used to support your loss control efforts. *"Profit by Loss Control"* is a series of pamphlets developed with the loss control needs of smaller businesses in mind.

Send For Your Free Loss Control Publications, Today!

If you would like to receive either or both of these publications, please fill out this form, fold as marked, tape along flap, add postage and mail. You can also use the form to request assistance from a loss control professional on a specific problem.

Turn To Kemper For A Progressive Approach To Loss Control

I would like to receive a copy of the NATLSCOPE loss control newsletter.

Yes No

I would like to receive the introduction to "Profit by Loss Control."

I would like assistance for specific loss control problem(s).

Type of Problem(s) _____

Firm Name _____

Address _____

City _____ State _____ Zip _____

Person to Contact _____

Tel. No. _____

Number of Employees _____

Type of Business _____

Policy # _____

Expiration Date _____

Second
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Place
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KEMPER INSURANCE COMPANIES
NATLSCO LOSS CONTROL SELRVICES
SERVICE DESK
ONE KEMPER DRIVE
LONG GROVE IL 60049-0001



THE KEMPER PACKAGE -- A COMBINATION POLICY

LUMBERMENS
MUTUAL
CASUALTY
COMPANY
A mutual insurance company,
herein called the Company, or LMC
Home Office: (847) 320-3237
1 Kemper Drive
Long Grove, IL 60049-0001

The company providing the insurance afforded in each Coverage Part of the policy is designated in the Declarations Page of each Coverage Part. If such company is a mutual company, the insured is hereby notified that by virtue of this policy he is a member of the company so designated and is entitled to vote either in person or by proxy at any and all meetings of the company.

AMERICAN
MOTORISTS
INSURANCE
COMPANY
A stock insurance company,
herein called the Company, or AMICO
Home Office: (847) 320-3237
1 Kemper Drive
Long Grove, IL 60049-0001

AMERICAN
MANUFACTURERS
MUTUAL
INSURANCE
COMPANY
A mutual insurance company,
herein called the Company, or AMM
Home Office: (847) 320-3237
1 Kemper Drive
Long Grove, IL 60049-0001

AMERICAN
PROTECTION
INSURANCE
COMPANY
A stock insurance company,
herein called the Company, or AMPICO
Home Office: (847) 320-3237
1 Kemper Drive
Long Grove, IL 60049-0001

The annual meeting of the Lumbermens Mutual Casualty Company is held at its home office in Long Grove, IL, on the third Tuesday in May of each year at eleven o'clock A.M.

The annual meeting of the American Manufacturers Mutual Insurance Company is held at its home office in Long Grove, IL, on the third Tuesday in May of each year at nine o'clock A.M.

COMMON POLICY CONDITIONS

This policy is composed of the jacket pages, the Common Declarations, these Common conditions, and the Declarations and Additional Provisions and Conditions of each Coverage Part (including all its forms and endorsements) indicated in the Common Declarations. These Common Conditions apply to all Coverage Parts unless otherwise noted.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy or any Coverage Part by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy or any Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy or any Coverage Part is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

1. We have the right to:

- a. Make inspections and surveys at any time;
- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

NUCLEAR ENERGY LIABILITY EXCLUSIONS (Broad Form)

This exclusion modifies the provisions of the policy relating to ALL AUTOMOBILE LIABILITY, GENERAL LIABILITY, COMMERCIAL CATASTROPHE, AND MEDICAL PAYMENTS INSURANCE but does not apply to automobiles principally garaged or used in the State of New York.

A. The insurance does not apply:

1. Under any Liability Coverage, to "bodily injury" or "property damage":
 - a. With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - b. Resulting from the "hazardous properties" of "nuclear material" and with respect to which a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
2. Under any Medical Payments Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
3. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material," if:
 - a. The "nuclear material" a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or b) has been discharged or dispersed therefrom;
 - b. The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an "insured"; or
 - c. The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility," but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion c. applies only to "property damage" to such "nuclear facility" and any property thereat.

B. As used in this exclusion:

"Hazardous properties" include radioactive, toxic or explosive properties;

"Nuclear material" means "source material," "special nuclear material" or "by-product material";

"Source material," "special nuclear material," and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"Waste" means any waste material a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility."

"Nuclear facility" means:

1. Any "nuclear reactor";
2. Any equipment or device designed or used for 1) separating the isotopes of uranium or plutonium, 2) processing or utilizing "spent fuel," or 3) handling, processing or packaging "waste";
3. Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
4. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"Property damage" includes all forms of radioactive contamination of property.

As respects the Company previously designated in the Declarations Page of each Coverage Part, the following correlative provision forms a part of this policy:

MUTUAL POLICY CONDITIONS.

**Lumbermens Mutual Casualty Company
American Manufacturers Mutual Insurance Company**

This is a perpetual mutual corporation owned by and operated for the benefit of its members. This is a non-assessable, participating policy under which the Board of Directors in its discretion may determine and pay unabsorbed premium deposit refunds (dividends) to the insured.

As respects the State of Texas, such provision is amended to read as follows:

Mutuals -- Membership and Voting Notice. The insured is notified that by virtue of this policy he is a member of the company so designated, and is entitled to vote either in person or by proxy at any and all meetings of said company. The Annual Meetings are held in its Home Office at the place and time stated on the front cover.

Mutuals -- Participation Clause Without Contingent Liability. No Contingent Liability: This policy is non-assessable. The policyholder is a member of such company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

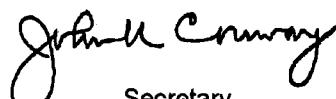
DIVIDENDS.

**American Motorists Insurance Company
American Protection Insurance Company**

This policy is participating and shall be entitled to receive unabsorbed premium deposit refunds as apportioned by the directors.

IN WITNESS WHEREOF, the Company designated in the Declarations Page of each Coverage Part has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized Agent of the Company at the agency hereinbefore mentioned.

**LUMBERMENS MUTUAL CASUALTY COMPANY
AMERICAN MOTORISTS INSURANCE COMPANY**

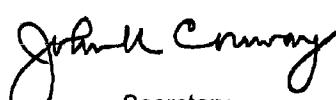


Secretary



President

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY



Secretary

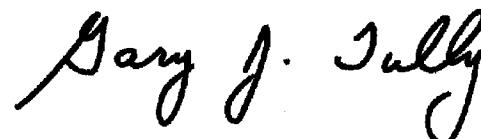


President

AMERICAN PROTECTION INSURANCE COMPANY



Secretary



President



COMMERCIAL CATASTROPHE LIABILITY COVERAGE FORM

TABLE OF CONTENTS

This Table of Contents is only intended as a guide to assist reference to the various insurance provisions of the Commercial Catastrophe Liability Coverage Form, in order of their appearance. Please refer to the Declarations for this Coverage Part and the Commercial Catastrophe Liability Coverage Form for complete coverage details.

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COMMERCIAL CATASTROPHE LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under SECTION III -- WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION VI -- DEFINITIONS.

SECTION I -- COVERAGES

COVERAGE A -- EXCESS LIABILITY OVER UNDERLYING INSURANCE -- INSURING AGREEMENT

We will pay those sums that the insured becomes legally obligated to pay as damages that would have been payable under the terms of the "underlying insurance" because of "bodily injury," "property damage," "personal injury" or "advertising injury," as if the limit of this insurance shown in the Declarations had been added to the applicable limit of insurance under the "underlying insurance."

We will also pay those sums that the insured becomes legally obligated to pay as damages that would have been payable under the terms and conditions of the underlying Employee Benefit Liability Coverage, if provided by "underlying insurance," as if the limit of this insurance shown in the Declarations had been added to the limit of insurance under the underlying Employee Benefit Liability Coverage.

We will pay only the amount in excess of the sums actually payable under the terms of the "underlying insurance." No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments. In the event the duty of the underlying insurer to defend the insured against a "suit" ceases solely because the applicable limit of insurance is used up in the payment of judgments or settlements, then we shall assume the duty for such defense. But:

1. The amount we will pay is limited as described in SECTION IV -- LIMITS OF INSURANCE;
2. This insurance only applies to "bodily injury," "property damage," "personal injury" and

"advertising injury" described in SECTION II -- WHEN THIS INSURANCE APPLIES;

3. We may, at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" that may result;
4. If for any reason we are prevented from performing our duty to defend the insured against any "suit," we will reimburse the insured for any expense incurred at our request or with our written consent;
5. Our duty to defend or reimburse the insured ends when we have used up the limit of insurance available under this Coverage Part in the payment of judgments or settlements under Coverages A and B combined; and
6. We will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply.

COVERAGE B -- EXCESS LIABILITY OVER RETAINED LIMIT -- INSURING AGREEMENT

1. We will pay those sums that the insured becomes legally obligated to pay as damages, because of "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance applies, but only if "underlying insurance" does not apply.

We will pay only the amount in excess of "Retained Limit." No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments. With respect to "bodily injury," "property damage," "personal injury" or "advertising injury" for which there is no other

insurance in any way applicable, we will have the right and duty to defend the insured against any "suit" seeking damages. But:

- a) The amount we will pay is limited as described in SECTION IV -- LIMITS OF INSURANCE;
- b) This insurance applies only to "bodily injury," "property damage," "personal injury" and "advertising injury" described in SECTION II -- WHEN THIS INSURANCE APPLIES;
- c) We may, at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" that may result;
- d) If for any reason we are prevented from performing our duty to defend the insured against any "suit," we will reimburse the insured for any expense incurred at our request or with our written consent;
- e) Our right and duty to defend end when we have used up the limit of insurance available under this Coverage Part in the payment of judgments or settlements under Coverages A and B combined; and
- f) We will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply.

2. The "bodily injury" or "property damage" must be caused by an "occurrence." The "occurrence" may take place anywhere in the world.

3. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury."

4. This insurance applies to "personal injury" only if caused by an offense:

- a) Committed anywhere in the world; and
- b) Arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

5. This insurance applies to "advertising injury" only if caused by an offense committed:

- a) Anywhere in the world; and

- b) In the course of advertising your goods, products or services.

SUPPLEMENTARY PAYMENTS

We will pay with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. The cost of bonds to release attachments, but only for bond amounts within the limit of insurance. We do not have to furnish these bonds.
3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of any claim or "suit," including actual loss of earnings up to \$250 a day because of time off from work.
4. All costs taxed against the insured in the "suit."
5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

EXCLUSIONS

1. With respect to Coverage A and Coverage B, this insurance does not apply to:
 - a. **Auto First Party Coverage**
Any obligation imposed on the insured under any uninsured motorist, underinsured motorist, automobile no-fault law, or any similar law.
 - b. **Statutory Obligations to Employees**
Any obligation imposed on the insured under any workers compensation, occupational disease, disability benefits, unemployment compensation, or any similar law.

c. Damage to Property

"Property damage" to:

- 1) Property you own, rent or occupy;
- 2) Property you transport;
- 3) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- 4) Property loaned to you;
- 5) Personal property in the care, custody or control of the insured;
- 6) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- 7) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph 3) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs 2), 4), 5), 6) and 7) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraphs 4), 5) and 7) of this exclusion do not apply to "property damage" arising out of the use of an elevator at premises you own, rent or occupy.

Paragraph 7) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

d. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- 1) "Your product"

- 2) "Your work"; or

- 3) "Impaired property,"

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

e. Asbestos

"Bodily injury" or "property damage" of any nature whatsoever, caused by, arising out of or relating in any way to asbestos or any asbestos-containing product or material, or to the use, installation, removal, withdrawal or disposal of any such product or material.

2. With respect to Coverage A only, this insurance does not apply to:**a. Pollution (Auto)**

- 1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:

- a) That are, or that are contained in any property that is:

- i) Being transported or towed by, handled, or handled for movement into, onto or from an "auto";

- ii) Otherwise in the course of transit by or on behalf of the insured; or

- iii) Being stored, disposed of, treated or processed in or upon an "auto";

- b) Before the pollutants or any property in which the pollutants are contained are moved from the place where they are accepted by the insured for movement into or onto an "auto"; or

c) After the pollutants or any property in which the pollutants are contained are moved from an "auto" to the place where they are finally delivered, disposed of or abandoned by the insured.

Paragraph a) above does not apply to fuels, lubricants, fluids, exhaust gases or other similar pollutants that are needed for or result from the normal electrical, hydraulic or mechanical functioning of an "auto" or its parts, if:

- i) The pollutants escape, seep, migrate, or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such pollutants; and
- ii) The "bodily injury" or "property damage" does not arise out of the operation of any equipment listed in paragraphs e.1) and e.2) of the definition of "mobile equipment."

Paragraphs b) and c) above of this exclusion do not apply to "occurrences" away from premises owned by or rented to an insured with respect to pollutants not in or upon an "auto" if:

- i) The pollutants or any property in which the pollutants are contained are upset, overturned or damaged as a result of the maintenance or use of an "auto"; and
- ii) The discharge, dispersal, seepage, migration, release or escape of the pollutants is caused directly by such upset, overturn or damage.

2) Any cost or expense arising out of any request, demand, order, claim or "suit" by or on behalf of a governmental authority demanding that the insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Paragraph 2) above does not apply if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by an "occurrence."

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

b. Pollution (Other Than Auto)

- 1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:
 - a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;
 - b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or
 - d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:
 - i) If the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor; or
 - ii) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Subparagraphs a) and d) i) do not apply to "bodily injury" or "property damage"

arising out of heat, smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

2) Any loss, cost or expense arising out of any:

- a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
- b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

3. With respect to Coverage B only, this insurance does not apply to:

a. Expected or Intended Injury or Damage

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability -- Bodily Injury or Property Damage

"Bodily injury," or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- 1) That the insured would have in the absence of the contract or agreement; or
- 2) Assumed in a contract or agreement that is an "insured contract," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract," reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be part of Supplementary Payments because of "bodily injury" or "property damage," provided:
 - a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Contractual Liability -- Personal Injury or Advertising Injury

"Personal injury" or "advertising injury" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- 1) That the insured would have in the absence of the contract or agreement; or
- 2) Assumed in a contract or agreement that is an "insured contract," provided the offense causing "personal injury" or "advertising injury" is committed subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract," reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be part of Supplementary Payments because of "personal injury" or "advertising injury," provided:

- a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
- b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

d. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- 1) Causing or contributing to the intoxication of any person;
- 2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- 3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if the insured:

- 1) Manufactures, sells or distributes alcoholic beverages;
- 2) Serves or furnishes alcoholic beverages for a charge whether or not such activity:
 - a) Requires a license; or
 - b) Is for the purpose of financial gain or livelihood; or
- 3) Serves or furnishes alcoholic beverages without a charge, if a license is required for such activity.

e. Employers Liability

"Bodily injury" to:

- 1) An "employee" of the insured arising out of and in the course of employment by the insured; or
- 2) The spouse, child, parent, brother or sister of that "employee" as a consequence of 1) above.

This exclusion applies:

- 1) Whether the insured may be liable as an employer or in any other capacity; and
- 2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract."

f. Employment-Related Practices

"Bodily injury" or "personal injury" to:

- 1) A person arising out of any:
 - a) Refusal to employ that person;
 - b) Termination of that person's employment; or
 - c) Employment - related practices, policies, acts or omissions, such as but not limited to coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- 2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal injury" to that person at whom any of the employment-related practices described in paragraphs 1) a), b), or c) above is directed.

This exclusion applies:

- 1) Whether the insured may be liable as an employer or in any other capacity; and
- 2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

g. Pollution

- 1) "Bodily injury," "property damage," "personal injury" or "advertising injury"

arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants.

2) Any loss, cost or expense arising out of any:

- i) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or**
- ii) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.**

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalies, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This exclusion does not apply to "bodily injury" or "property damage" arising out of heat, smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

h. Aircraft or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any:

- 1) "Aircraft" owned by or chartered without crew by or on behalf of any insured; or**
- 2) Watercraft 51 feet long or longer.**

Use includes operation and loading or unloading.

This exclusion does not apply to:

- 1) A watercraft while ashore on premises you own or rent; or**

2) Liability assumed under any "insured contract" for the ownership, maintenance or use of "aircraft" or watercraft.

i. Racing

"Bodily injury" or "property damage" arising out of the use of "autos" or "mobile equipment" in, or while in practice or being prepared for, any professional or organized racing or demolition contest or stunting activity.

j. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

k. Damage to Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage to Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products -- completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage to Impaired Property or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- 1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or**
- 2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.**

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your

product" or "your work" after it has been put to its intended use.

n. Personal and Advertising Injury

"Personal injury" or "advertising injury":

- 1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- 2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period; or
- 3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured.

o. Advertising Injury

"Advertising injury" arising out of:

- 1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;
- 2) The failure of goods, products or services to conform with advertised quality or performance;
- 3) The wrong description of the price of goods, products or services; or
- 4) An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

p. Professional Liability

"Bodily injury," "property damage," "personal injury" or "advertising injury" due to rendering or failure to render any professional service. This includes but is not limited to:

- 1) Legal, accounting or advertising services;
- 2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- 3) Supervisory, inspection or engineering services;

- 4) Medical, surgical, dental, x-ray or nursing services or treatment;
- 5) Any health service or treatment;
- 6) Any cosmetic or tonsorial service or treatment;
- 7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses or similar products or hearing aid devices;
- 8) Ear piercing services; and
- 9) Services in the practice of pharmacy, but this exclusion does not apply to an insured whose operations include those of a retail druggist or drugstore.

SECTION II -- WHEN THIS INSURANCE APPLIES

1. "Bodily injury" or "property damage":

- a. With respect to "bodily injury" and "property damage" arising out of the ownership, maintenance, use, loading or unloading, or entrustment to others of any "auto," this insurance applies only if the "occurrence" happens during the policy period.
- b. With respect to "bodily injury" to:
 - 1) An "employee" of the insured arising out of and in the course of employment by the insured; or
 - 2) The spouse, child, parent, brother or sister of that "employee" as a consequence of 1) above,

this insurance applies only if:

- 1) "Bodily injury" caused by an accident occurs during the policy period; or
- 2) The "employee's" last day of last exposure to the conditions of employment that caused or aggravated "bodily injury" by disease occurs during the policy period.
- c. With respect to any other "bodily injury" and "property damage," this insurance applies to "bodily injury" or "property damage" which occurs during the policy period, but this

insurance does not apply to "bodily injury" or "property damage" which occurred before the effective date shown in the Declarations or which occurs after the policy period.

2. "Personal injury" or "advertising injury":

This insurance applies to "personal injury" or "advertising injury" only if caused by an offense committed during the policy period.

3. With respect to any "underlying insurance" which is Employee Benefits Liability insurance, the insurance provided by Coverage A applies only to claims made against the insured according to the terms and conditions of the underlying Employee Benefits Liability Coverage.

SECTION III -- WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.**
- b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.**
- c. An organization other than a partnership or joint venture, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.**

2. Any reference to the Named Insured shall include the insured named in the Declarations but shall also include:

- a. Any of your subsidiaries;**
- b. Any other organization over which you exercise control and actively manage; and**
- c. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, if there is no other similar insurance available to that organization. However:**

1) Coverages A and B do not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

2) Coverages A and B do not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

3. With respect to Coverage A, anyone who is an insured under the "underlying insurance" is an insured, but only to the extent the "underlying insurance" applies.

4. Any person or organization to whom or to which you are obligated by virtue of a written contract to provide such insurance as afforded by this Coverage Part is an insured, but only with respect to liability arising out of "your work," "your product" and to property owned or used by you.

5. Each of the following is also an insured, with respect to an "occurrence" arising out of the ownership, maintenance, use, loading or unloading or entrustment to others of any "auto":

a. Anyone is an insured while using any "auto" with your permission except:

1) The owner of an "auto" you hire or borrow from one of your "employees" or a member of his or her household. This exception does not apply if the "auto" is a trailer connected to an "auto" you own;

2) Someone using an "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours;

3) Anyone other than your "employees," partners, a lessee or borrower of an "auto" or any of their employees, while moving property to or from an "auto"; and

4) A partner of yours for any "auto" owned by him or her or a member of his or her household.

b. Anyone liable for the conduct of an insured described in paragraph 5. a. above is an insured but only to the extent of that liability.

6. Each of the following is also an insured:

a. Your "employees," other than your "executive officers," but only for acts within the scope of their employment by you, or while performing duties related to the conduct of your business. However, no "employee" is an insured for:

1) "Bodily injury" or "personal injury":

- a) To you, to your partners or members (if you are a partnership or joint venture), or to a co-"employee" while in the course of his or her employment or while performing duties related to the conduct of your business;
- b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of paragraph 1) a) above;
- c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in paragraphs 1) a) or b) above; or
- d) Arising out of his or her providing or failing to provide professional health care services.

2) "Property damage" to property:

- a) Owned, occupied or used by, or
- b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees" or, if you are a partnership or joint venture, by any partner or member.

- b. Any person (other than your "employee") or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:

1) With respect to liability arising out of the maintenance or use of that property; and

2) Until your legal representative has been appointed.

d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

7. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you, or the employer of any person who is an insured under this provision.

8. Each of the following is also an insured with respect to any "aircraft" chartered with a pilot or crew:

Any person using such "aircraft" and any person or organization legally responsible for its use, provided its actual use is with your permission except:

- a. The owner, pilot or air crew thereof or any other person operating the "aircraft"; or
- b. Any manufacturer of "aircraft," engines or aviation accessories, or any aviation sales, service or repair organization, or airport or hangar operator or any employee of any of them.

9. With respect to any watercraft that you do not own that is less than 51 feet long, any person is an insured while operating such watercraft with your permission.

10. No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

SECTION IV -- LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits."
2. The Products--Completed Operations Aggregate Limit is the most we will pay under Coverage A and Coverage B combined for damages included in the "products--completed operations hazard."
3. The General Aggregate Limit is the most we will pay for damages under Coverage A and Coverage B combined, except:
 - a. For damages included in the "products -- completed operations hazard"; and
 - b. Coverages included in "underlying insurance" to which no underlying aggregate applies.
4. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay:
 - a. With respect to "bodily injury" and "property damage" under Coverage A and Coverage B combined, for the sum of damages because of all "bodily injury" and "property damage" arising out of any one "occurrence."
 - b. With respect to "personal injury" and "advertising injury" under Coverage A and Coverage B combined, for the sum of all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.
 - c. With respect to Employee Benefit Liability coverage under Coverage A if included under "underlying insurance," for the sum of all damages sustained by any one "employee" or former "employee."

5. Under Coverage B, the "Retained Limit" applies as follows:
 - a. To all damages because of "bodily injury" and "property damage" as the result of any one "occurrence" regardless of the number of persons or organizations who sustain damages because of the "occurrence."
 - b. To all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.

We may pay any part or all of the "Retained Limit" to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the "Retained Limit" as has been paid by us.

6. To determine the limit of our liability, all "bodily injury" and "property damage" arising out of continuous or repeated exposure to substantially the same general harmful conditions shall be considered one "occurrence."
7. The limits of insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the limit of insurance.

SECTION V -- COMMERCIAL CATASTROPHE LIABILITY CONDITIONS

We have no duty to provide coverage under this Coverage Part unless you and any other involved insured have fully complied with the Conditions contained in this Coverage Part.

1. Appeals

If you, any other involved insured or the underlying insurer elects not to appeal a judgment in excess of the underlying limit or the "Retained Limit," we may elect to do so at our own expense. We will pay any resulting taxable costs, disbursements and interest. The appeal does not increase the Limits of Insurance.

2. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

3. Duties in the Event of Occurrence, Offense, Claim or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense whenever it appears likely it will result in a claim involving this Coverage Part. Notice should include:

- 1) How, when and where the "occurrence" or offense took place;
- 2) The names and addresses of any injured persons and witnesses; and
- 3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

Notice of an "occurrence" or offense is not notice of a claim.

b. If a claim is made or "suit" is brought against any insured, you must:

- 1) Immediately record the specifics of the claim or "suit" and the date received, and
- 2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable whenever it appears likely that such claim or "suit" will involve this Coverage Part.

c. You and any other involved insured must:

- 1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit" whenever it appears likely that the claim will involve this Coverage Part or whenever we have assumed the duty to defend you;
- 2) Authorize us upon our request to obtain records and other information;
- 3) Cooperate with us and with the underlying insurer in the investigation or

settlement of any claim or defense against the "suit";

4) Assist us or the underlying insurer upon request in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply; and

5) Comply with all the terms and conditions of any "underlying insurance."

d. If you or any other involved insured becomes responsible, under the terms of this Coverage Part, for the investigation or settlement of any claim or defense against any "suit," you and any other involved insured:

- 1) Must use due diligence and sound judgment to settle all such claims or "suits" that should be settled; but
- 2) May not make any settlement for any sum in excess of the "Retained Limit" without our approval.

e. Except as provided in paragraph d. above, no insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without our consent.

4. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Maintenance of "Underlying Insurance"

- a. The "underlying insurance" described in the Declarations shall be an accurate representation of all policies issued to you and which relate to this insurance.
- b. With respect to all Named Insureds covered under the terms of this Coverage Part, you must maintain the "underlying insurance" in effect during the policy period of this Coverage Part. You may not reduce the coverage or limits of insurance available without our written consent.
- c. You must, as soon as practicable, report any material change in premiums charged for "underlying insurance." We may then adjust the premium for this Coverage Part in accordance with our rules and rates.
- d. You must, as soon as practicable, report to us all changes in coverage provided by the "underlying insurance" including:
 - 1) Additional insureds newly added to the policy; and
 - 2) Insurance coverage for exposures not previously insured by the "underlying insurance."

You will furnish, upon our request, exact copies of such changes or additional insurance.

- e. Failure to comply with paragraphs a., b., c. and d. of this condition shall not invalidate this Coverage Part. In the event such a failure occurs, we shall be liable under Coverage A only to the extent we would have been liable had you complied.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer of Rights of Recovery Against Others To Us

- a. If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.
- b. Any recoveries made shall be applied as follows:
 - 1) First, to reimburse anyone who has paid damages in excess of our payments;
 - 2) Second, reimburse us up to the amount we have paid for damages; and
 - 3) Last, to reimburse anyone who has paid damages to which this insurance was excess.

Our share of the reasonable expenses incurred in securing any recovery shall not exceed the proportion of damages we paid to the total damages paid.

Any different method of apportioning recoveries and expenses may be used by agreement of all those who paid damages.

9. "Underlying Insurance"

- a. In the event of bankruptcy, insolvency or financial impairment of the insurance company that issued the "underlying insurance," we shall be liable under Coverage A only to the extent we would otherwise have been liable.
- b. If no coverage exists under the "underlying insurance" because you or any involved

insured failed to comply with the policy terms and conditions, we shall be liable under Coverage A and Coverage B only to the extent we would have otherwise been liable.

- c. If any aggregate limit in any "underlying insurance" becomes completely used up, you must see to it that we receive written notice as soon as practicable.

10. Two or More Coverage Parts or Policies Issued By Us

If this Coverage Part and any other Coverage Part or policy issued to you by us or any Company affiliated with us apply, the maximum limit of liability under all Coverage Parts or policies shall not exceed the highest applicable limit of liability under any one Coverage Part or policy. This condition does not apply to any Coverage Part or policy issued by us or any affiliated Company to apply:

- a. As "underlying insurance," or
- b. Specifically as excess insurance over this Coverage Part.

11. Other Insurance

If other valid and collectible insurance is available to the insured for loss covered hereunder, this Coverage Part will be excess of such other insurance. This condition does not apply to insurance purchased specifically to be either quota share with this insurance or excess of this insurance.

SECTION VI -- DEFINITIONS

With respect to Coverage A, the definitions contained in the "underlying insurance" shall apply in place of the definitions shown below.

- 1. **"Advertising injury"** means injury arising out of one or more of the following offenses:
 - a. Oral or written publication of material that slanders or libels a person or organization, or disparages a person's or organization's goods, products or services;
 - b. Oral or written publication of material that violates a person's right of privacy;
 - c. Misappropriation of advertising ideas or style of doing business; or
- 2. **"Aircraft"** means any heavier-than-air or lighter-than-air aircraft designed to transport persons or property in the air or space.
- 3. **"Auto"** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. "Auto" does not include "mobile equipment" but does include self-propelled vehicles with the following types of permanently attached equipment:
 - a. Equipment designed primarily for:
 - 1) Snow removal;
 - 2) Road maintenance, but not construction or resurfacing; or
 - 3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- 4. **"Bodily injury"** means bodily injury, sickness or disease sustained by a person, including death, shock, mental anguish or mental injury by that person at any time which results as a consequence of the bodily injury, sickness or disease.
- 5. **"Employee"** includes a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business.
- 6. **"Executive officer"** means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
- 7. **"Impaired property"** means tangible property, other than "your product" or "your work," that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

- b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

- a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
- b. Your fulfilling the terms of the contract or agreement.

8. **"Insured contract"** means:

That part of any contract or agreement pertaining to your business under which you assume the liability of another to pay damages because of:

- a. "Bodily injury" or "property damage" to a third person or organization, if the contract or agreement is made prior to the "bodily injury" or "property damage."
- b. "Personal injury" or "advertising injury" to a third person or organization, if the contract or agreement is made prior to the offense causing the "personal injury" or "advertising injury."

An "insured contract" does not include that part of any contract or agreement:

- a. That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - 1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - 2) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
- b. Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failing to render professional services, including those listed in a. above, and supervisory, inspection or engineering services;
- c. That pertains to the loan, lease or rental of an "auto" to you or any of your "employees," if the "auto" is loaned, leased or rented with a driver; or

- d. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of an "auto" over a route or territory that person or organization is authorized to serve by public authority.

9. **"Mobile equipment"** means any of the following types of land vehicles, including any attached machinery or equipment, but does not include any vehicle defined as an "auto":

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - 1) Power cranes, shovels, loaders, diggers or drills; or
 - 2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in paragraphs a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - 1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - 2) Cherry pickers and similar devices used to raise or lower workers; or
- f. Vehicles not described in paragraphs a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

10. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

11. "Personal injury" means injury, other than "bodily injury," arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution or abuse of process;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, if committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization, or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

12. a. "Products -- completed operations hazard" includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your products" or "your work" except:

- 1) Products that are still in your physical possession; or
- 2) Work that has not yet been completed or abandoned.

b. "Your work" will be deemed completed at the earliest of the following times:

- 1) When all of the work called for in your contract has been completed.
- 2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
- 3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

c. This hazard does not include "bodily injury" or "property damage" arising out of:

- 1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the loading or unloading of it;
- 2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- 3) Products or operations for which the classification or manual of rules for the "underlying insurance" includes products or completed operations.

13. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

14. "Retained Limit" means the greater of:

- a. The amount stated in the Declarations as Retained Limit; or
- b. The amount payable as damages under any other valid and collectible insurance available to the insured, other than "underlying insurance" or insurance purchased specifically in excess of this insurance.

15. "Suit" means a civil proceeding in which damages because of "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

16. "**Underlying insurance**" means the self-insurance coverage or insurance afforded by the policies listed in the Schedule of Underlying Insurance contained in the Declarations, including their renewals or replacements.

17. "**Your product**" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - 1) You;
 - 2) Others trading under your name; or
 - 3) A person or organization whose business or assets you have acquired; and
- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

- b. The providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

18. "**Your work**" means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- b. The providing of or failure to provide warnings or instructions.

EXCLUSION -- EMPLOYERS LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL CATASTROPHE LIABILITY COVERAGE FORM

The following exclusion is added with respect to Coverage A only (Section I, EXCLUSIONS Paragraph 2):

This insurance does not apply to "bodily injury" to:

- 1) An "employee" of the insured arising out of and in the course of employment by the insured; or
- 2) The spouse, child, parent, brother or sister of that "employee" as a consequence of 1) above.

This exclusion applies:

- 1) Whether the insured may be liable as an employer or in any other capacity; and
- 2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract."

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

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CHANGES TO PERSONAL AND ADVERTISING INJURY LIABILITY COVERAGE B

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL CATASTROPHE LIABILITY COVERAGE PART

- A. Paragraphs 4. and 5. of COVERAGE B -- EXCESS LIABILITY OVER RETAINED LIMIT -- INSURING AGREEMENT are replaced with the following:
 - 4. This insurance applies to "personal injury" only if caused by an offense:
 - a) Committed anywhere in the world; and
 - b) Arising out of the conduct of your business.
 - 5. This insurance applies to "advertising injury" only if caused by an offense committed:
 - a) Anywhere in the world; and
 - b) In the course of "your advertising activities."
- B. Exclusion 3.n. under Coverage B (Section I, EXCLUSIONS) is replaced by the following:
 - n. Personal and Advertising Injury

"Personal injury" or "advertising injury":

 - 1) Arising out of an offense committed by an insured whose business is advertising, broadcasting, publishing, telecasting, or telemarketing. However, this exclusion does not apply to offenses a., b., or c. under the definition of "personal injury";
 - 2) Arising out of, or alleged to arise out of, oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
 - 3) Arising out of, or alleged to arise out of, oral or written publication of material whose first publication took place before the beginning of the policy period;
 - 4) Arising out of, or alleged to arise out of, the willful violation of a penal statute or ordinance committed by, at the direction of, or with the knowledge or consent of any insured;
 - 5) Arising out of, or alleged to arise out of, breach of contract;
 - 6) Arising out of, or alleged to arise out of, the failure of goods, products or services to conform with advertised quality or performance;
 - 7) Arising out of, or alleged to arise out of, the wrong description of the price of goods, products or services;
 - 8) Arising out of, or alleged to arise out of, infringement of patent, trademark, service mark, trade name, trade dress, trade secrets, or copyright, other than copyrighted advertising materials;
 - 9) Arising out of, or alleged to arise out of, unfair competition; or
 - 10) Arising out of, or alleged to arise out of, antitrust violations.
- C. Exclusion 3.o. under Coverage B (Section I, EXCLUSIONS) is deleted.
- D. The definitions of "advertising injury" and "personal injury" in DEFINITIONS (Section VI) are replaced by the following:
 - 1. **"Advertising injury"** means injury, other than "bodily injury" or "personal injury," arising solely out of one or more of the

following offenses committed in the course of "your advertising activities":

- a. Misappropriation of advertising ideas;
- b. Infringement of copyrighted advertising materials;
- c. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- d. Oral or written publication of material that violates a person's right of privacy.

11. **"Personal injury"** means injury, other than "bodily injury" or "advertising injury," arising solely out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;

- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person or organization occupies, if committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

E. The following definition is added to DEFINITIONS (Section V):

"Your advertising activities" means the promotion of your goods, products, services, name or image through printed or electronic media.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

AUTOMOBILE LIABILITY FOLLOWING FORM

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL CATASTROPHE LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, entrustment to others, loading or unloading of any "auto."

However, if insurance for such "bodily injury" or "property damage" is provided by an underlying policy listed in the Schedule of Underlying Insurance:

- A. This exclusion shall not apply; and**
- B. The insurance provided by our policy will not be broader than the insurance coverage provided by the underlying policy listed in the Schedule of Underlying Insurance.**

Notwithstanding A. and B. above, this endorsement does not modify, replace or amend SECTION I -- EXCLUSIONS 1.a. or 2.a.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.



COMMERCIAL CATASTROPHE CHANGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CUSTOMER NUMBER: 7RS 668 450-02 POLICY CHANGE ENDORSEMENT # U-001

EFFECTIVE DATE OF CHANGE: 01/23/03

COMPANY: AMERICAN MOTORISTS INSURANCE COMPANY

POLICY NUMBER: 7RS 668 450-02 Policy Period: FROM: 11/20/02 TO: 11/20/03

Named Insured

KEITH B. HIGGINS & ASSOCIATES, INC.

DBA: HIGGINS ASSOCIATES

CHANGES

Policy Forms Added or Deleted by this Change:

TOTAL PREMIUM DUE: \$ 0.00

TOTAL AMOUNT DUE: \$ 0.00

PRODUCER: PRODUCER CODE: 52-2526

PROFESSIONAL PRACTICE INS

BROKERS

10 CALIFORNIA ST

REDWOOD CITY CA 94063

650-369-5900

COUNTERSIGNATURE:

DATE: